

SOLID WASTE FINANCIAL FORECAST AND RATE STUDY UPDATE

PRESENTATION TO THE RATE REVIEW SUBCOMMITTEE OF THE TECHNICAL MANAGEMENT COMMITTEE

JANUARY 22, 2025



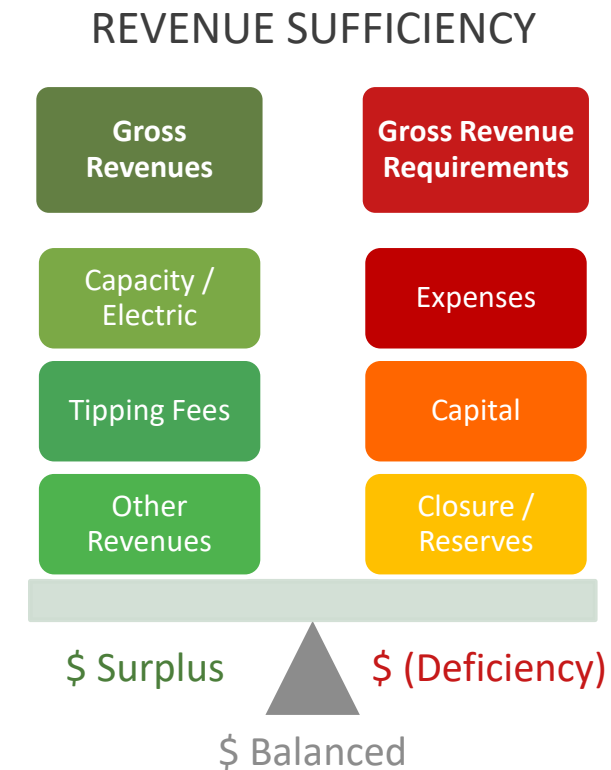
Presentation by:
 **RAFTELIS**

AGENDA

- 1. Scope and Methodology
- 2. Key Changes Since Last Study
- 3. Key Assumptions
- 4. Findings and Recommendations

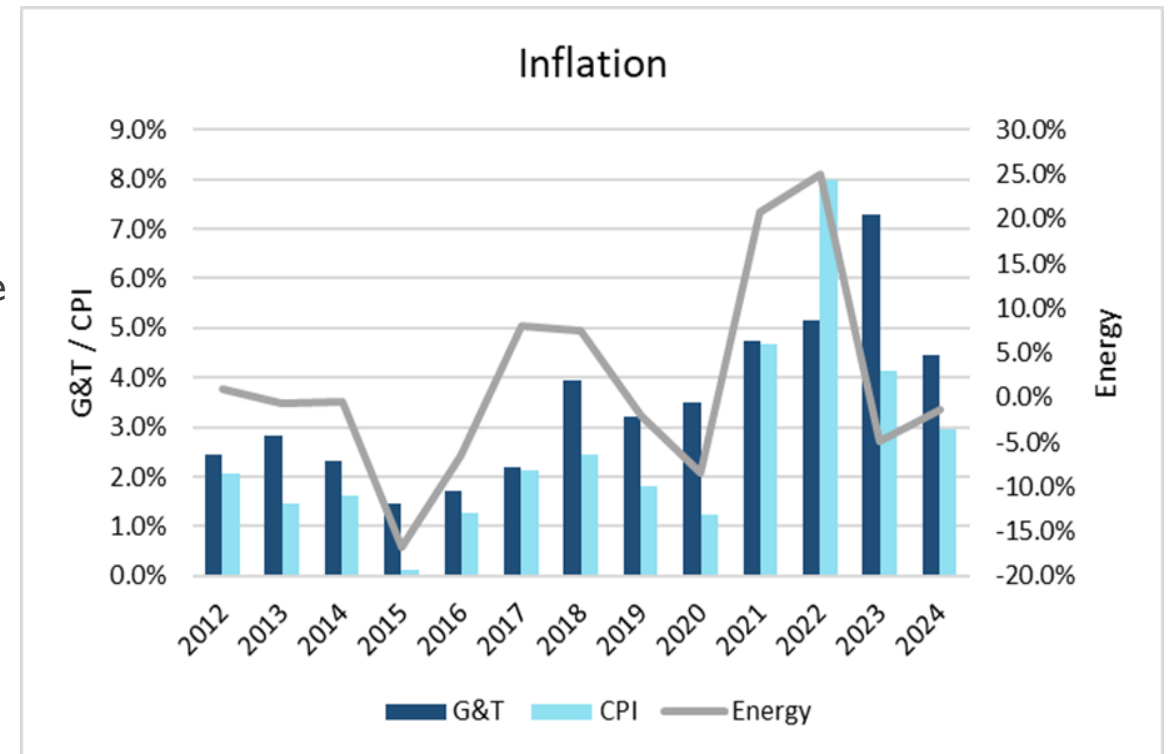
1. SCOPE AND METHODOLOGY

- Scope
 - Raftelis tasked to update 30-Year financial forecast model
 - Present findings to Staff and Technical Management Committee (TMC) members
- Methodology
 - Data driven process
 - Examined contractual arrangements
 - Establish financial targets / parameters
 - Trends → assumptions → forecasts
 - Revenue sufficiency and rate adjustments
 - Rate phasing



2. KEY CHANGES SINCE PRIOR STUDY

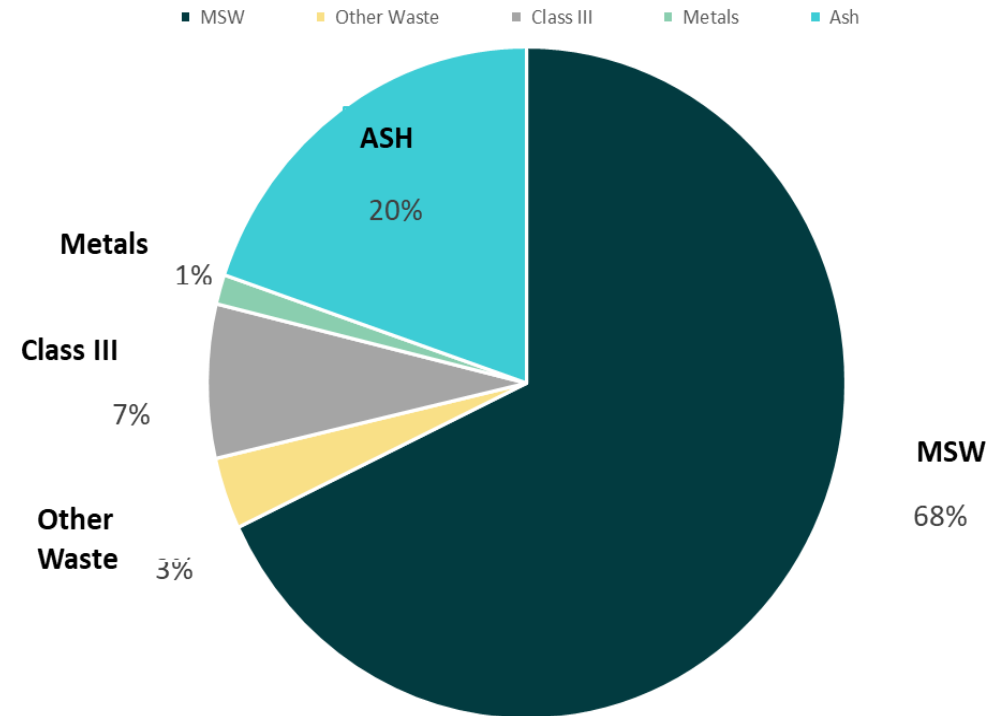
- Inflation Continues to Pressure Contract Costs
- Covanta Contract Extended with RFQ / RFP
 - Historically accounted for About 30% of Total Costs or \$21m/Annually
 - Extension resulted in \$12/ton increase applied to all tonnage or \$35m/yr (+67%)
 - County staff expects better contract terms through bid process
 - Forecast assuming ~\$7/ton increase or \$31m/yr (+47%)
- Capital Plan Costs Increase from ~\$420m to ~\$500m through FY36



3. KEY ASSUMPTIONS - TONNAGE COMPOSITION AND GROWTH

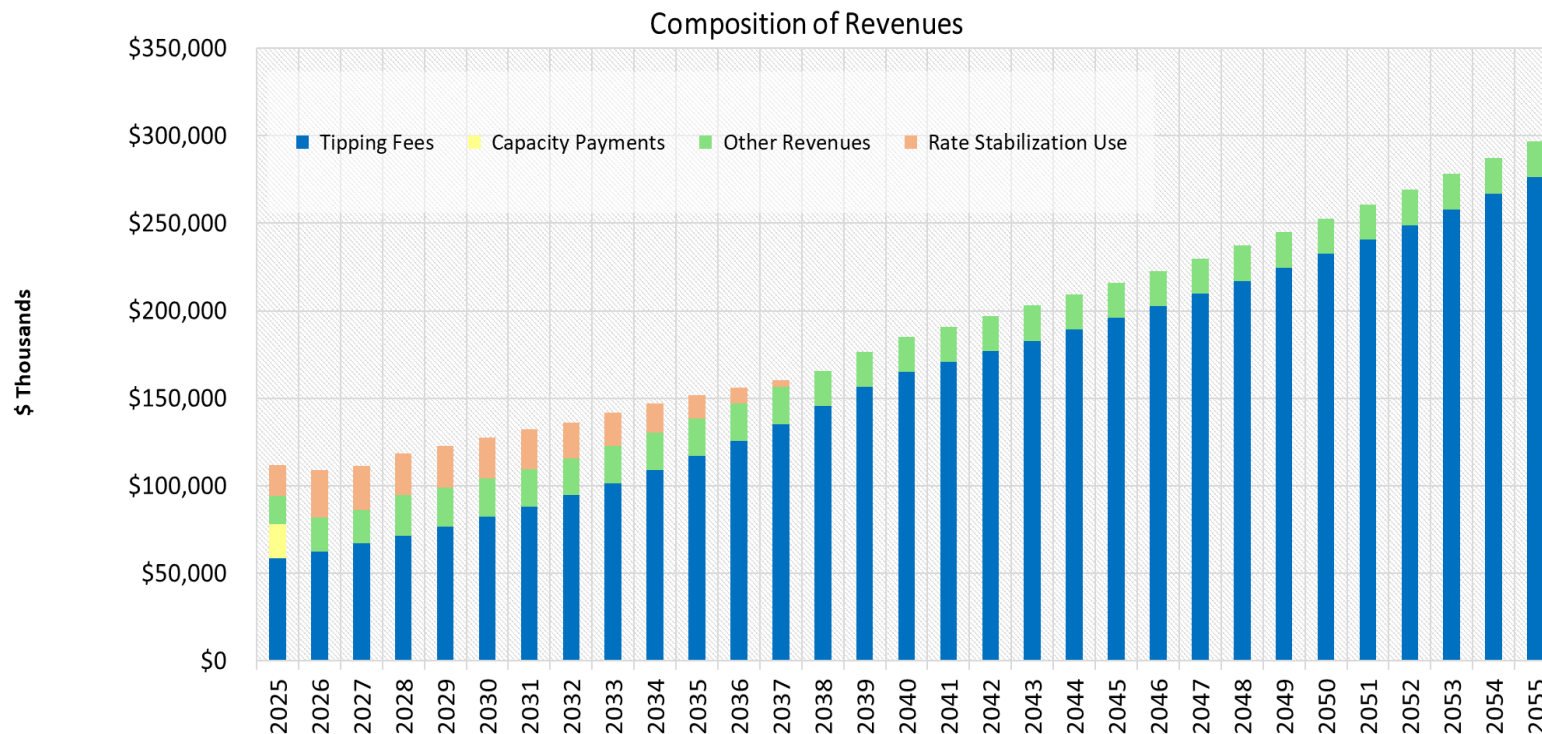
- County processes approximately 1.5 million tons a year
 - Inbound waste = 1.1 million tons per year
 - Municipal solid waste (MSW), class III (yard waste, construction debris), tires, etc.
 - Processed by-products = 0.3 million tons per year
 - Ash, recovered metals, etc.

Processed Waste Composition - FY2025



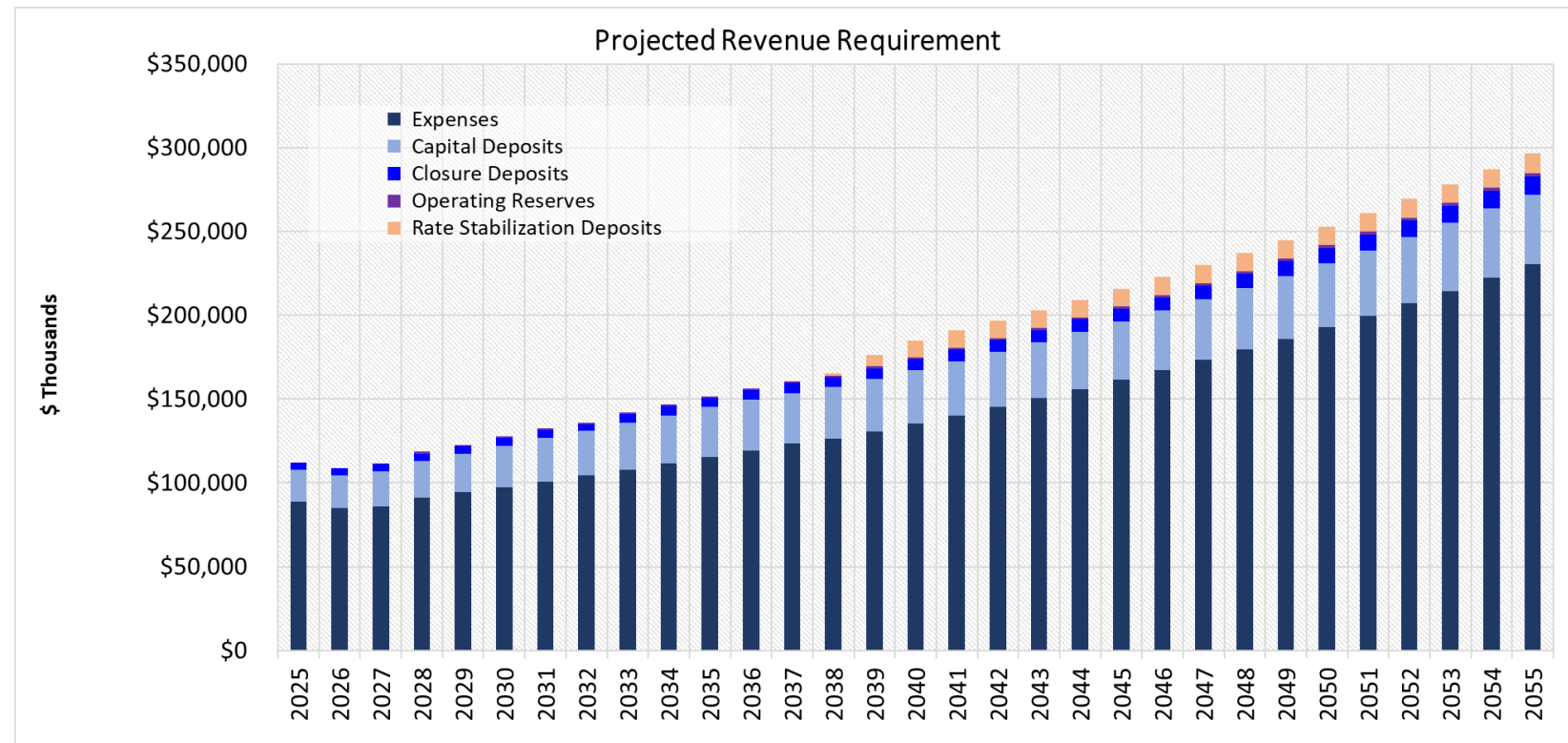
KEY ASSUMPTIONS - REVENUES

- Tipping fees
 - Increases Consistent with Prior Years Forecasts
 - Capacity payments
 - Electricity sales
 - Metal recovery
 - Interest income
- } Other Revenues



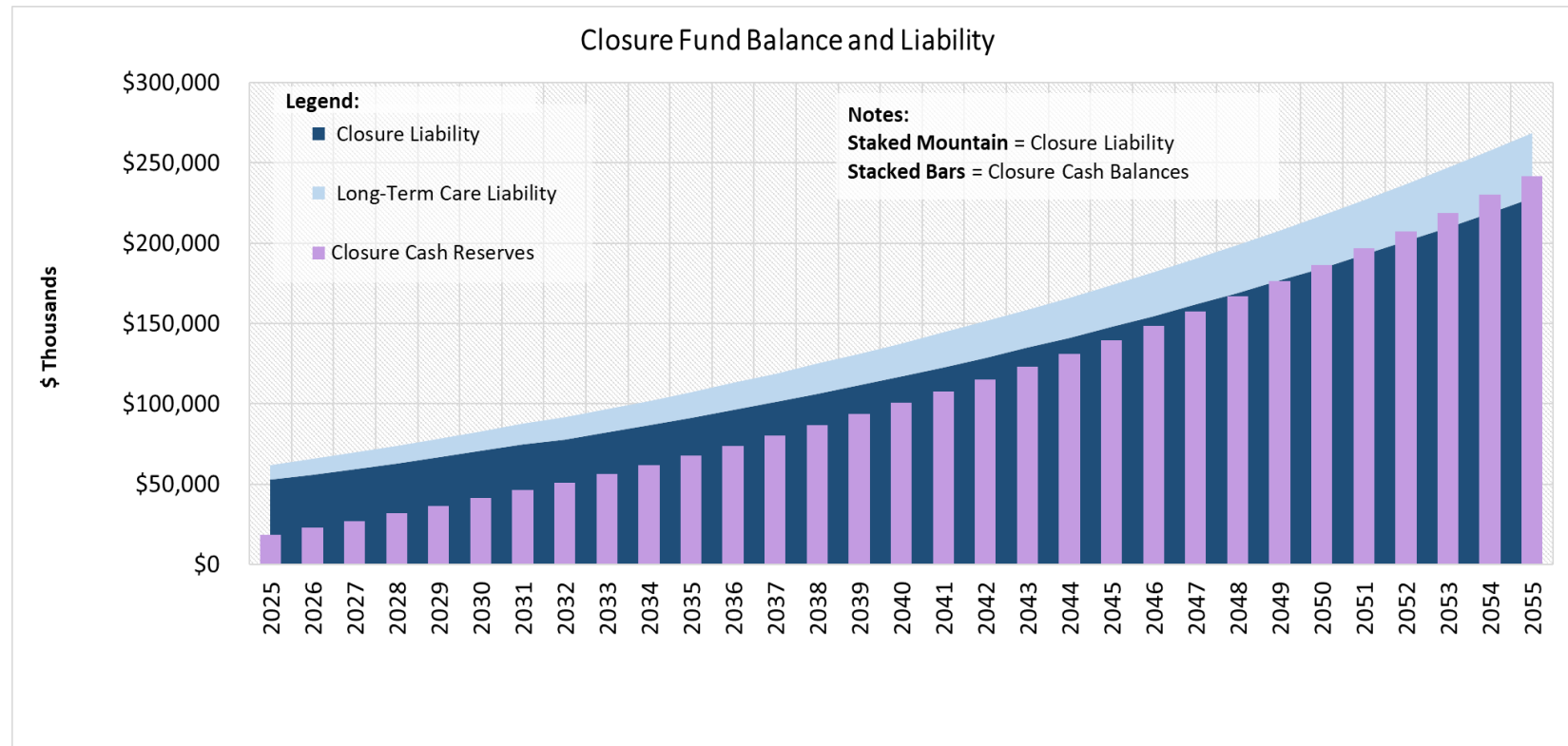
KEY ASSUMPTIONS – PROJECTED REVENUE REQUIREMENTS

- Assumes Rebid Reworld Contract
- Average Annual Expense Growth at ~3.5%



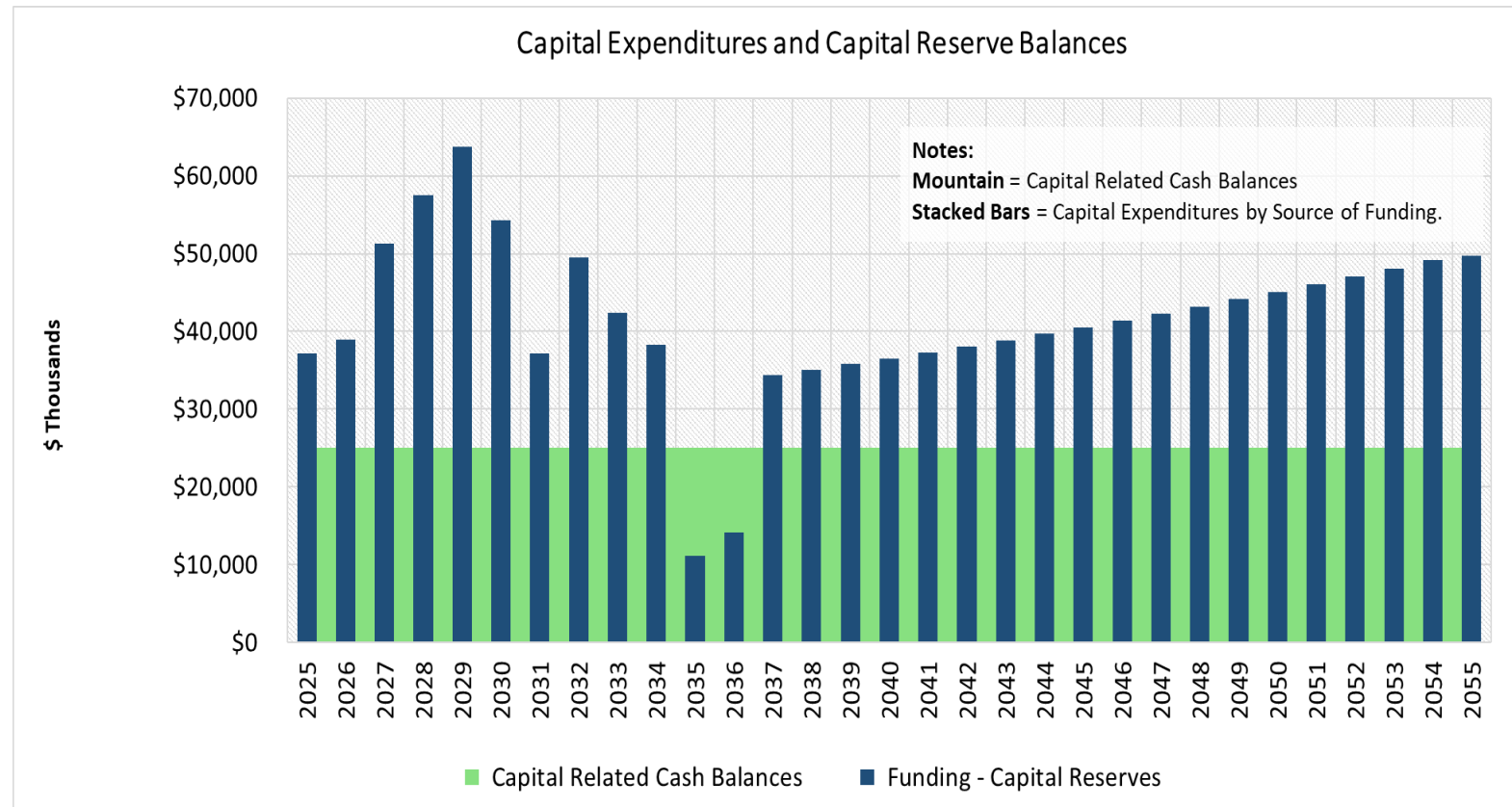
KEY ASSUMPTIONS - CLOSURE AND POST-CLOSURE

- Plan to Fund Liability Over Time
 - Financial Test for financial assurance compliance
- Does not yet reflect increase elevation
- Target: Fund closure liability only
- Slope closures included in Capital Improvement Plan (CIP)



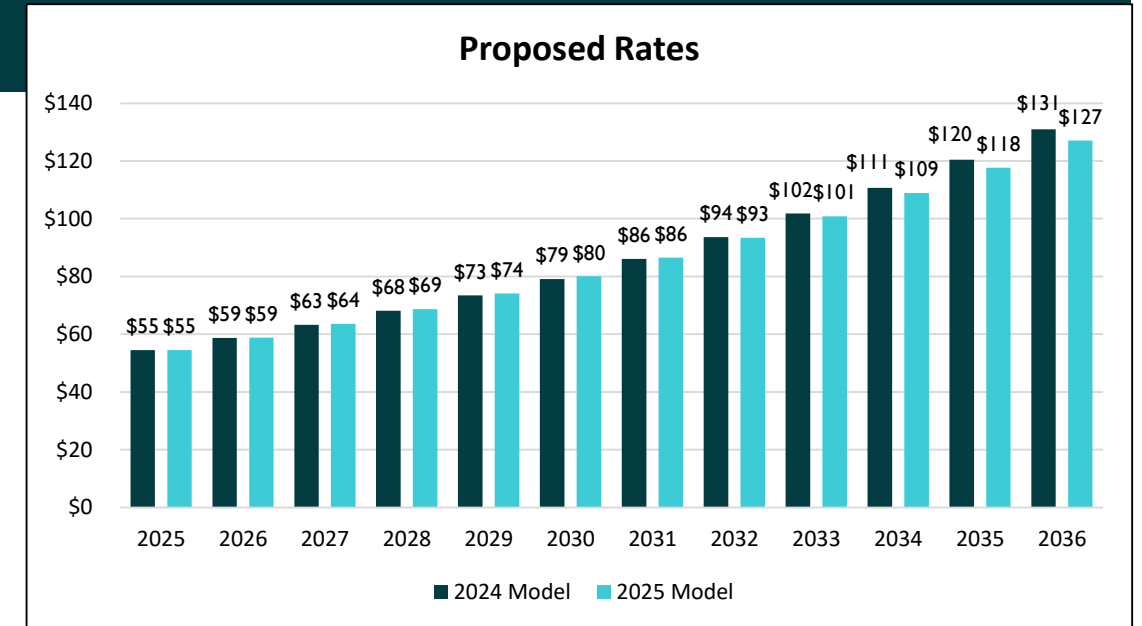
KEY ASSUMPTIONS - CAPITAL

- Proposed CIP FY25-36 = \$498.8M
- Top six projects \$416.1m or 83% of Total:
 - WTE R&R / several projects = \$269m
 - Bulky Waste Processing = \$63m
 - Landfill Improvements = \$35.6m
 - Solar and Net Metering = \$28.5m
 - Enhanced Metals Recovery = \$20m
 - Landfill Side Slope Closure = \$8m
- Assumed depreciation as proxy for capital needs after 2037
 - \$29.4 million annually escalated for inflation



FINDINGS

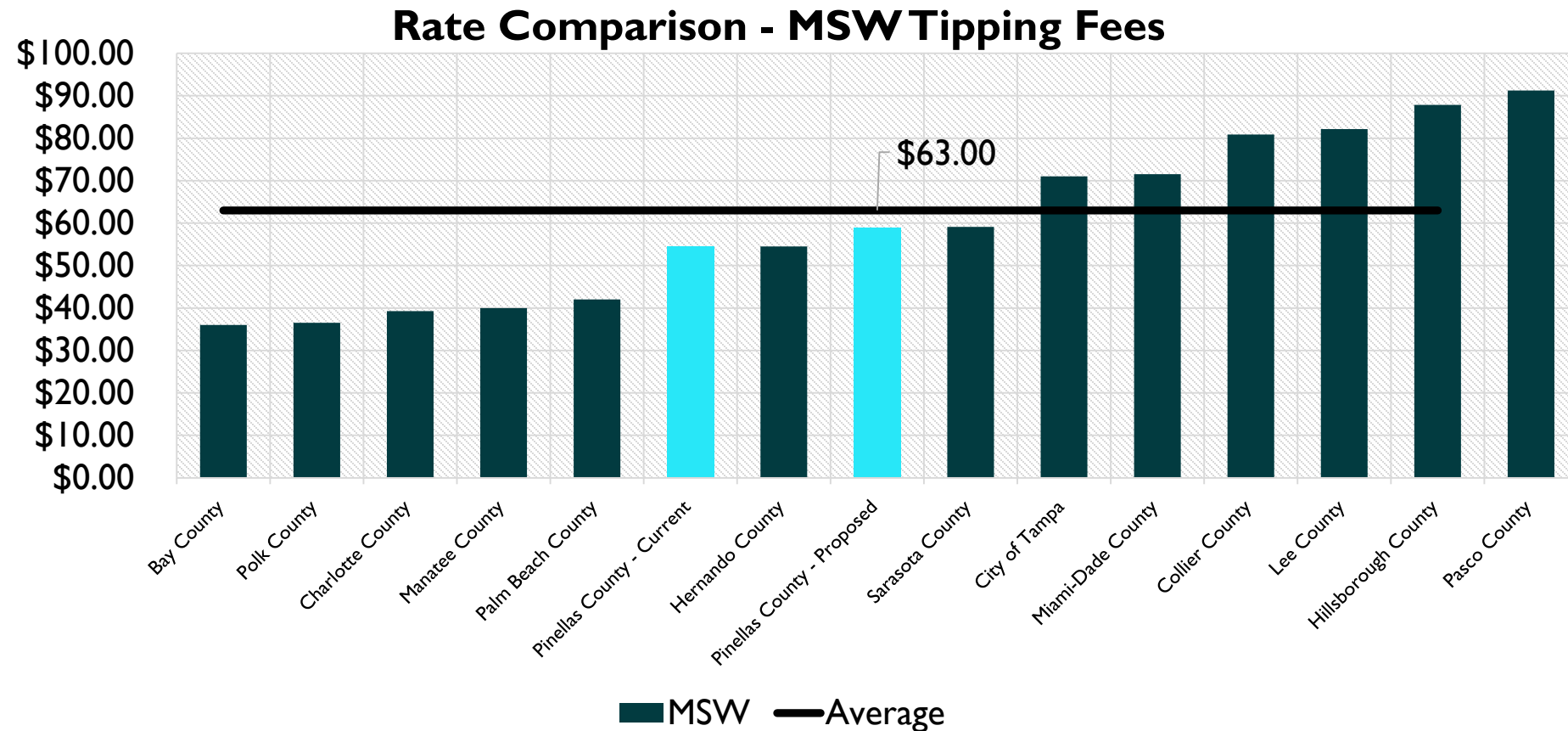
- Findings and Recommendations:
 - Key changes since Last Study Lower Expenses / Longer and Higher \$ Outlook on CIP
 - Adopt 3 Year Rate Plan at 8% per year
 - Slight Increase to Prior Year's Forecast next 3 years / Lower Overall next 10 years
 - The impact of the disposal cost increase to a single-family resident generating 1 ton of waste per year averages \$4.72 annually or \$0.39 a month



Tip Fee Recommendations

	<u>Adopted</u>		<u>Identified</u>	
	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Rate Adj. (%)		8.00%	8.00%	8.00%
Tip Fee (\$)	\$54.50	\$58.86	\$63.57	\$68.65
Change (\$)		\$4.36	\$4.71	\$5.08

MSW TIPPING FEE COMPARISON



THANK YOU!
DISCUSSIONS AND QUESTIONS

